

The Director

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Central Intelligence Agency

Executive Registry



Washington, D.C. 20505

76-3930/2

OLC 76-3391

Honorable Lucien N. Nedzi, Chairman
Special Subcommittee on Intelligence
Committee on Armed Services
House of Representatives
Washington, D.C. 20515.

Dear Mr. Chairman:

I am writing to call to your attention a serious and unfounded allegation concerning this Agency. As you know, I am quite concerned about the numerous erroneous allegations which have been made recently. What makes the present case unique is that the source of the charges is, according to my understanding, a legislative assistant to a Member of Congress.

The substance of these charges, which have appeared in Mexican newspapers (translated copy enclosed), is that the Agency is involved in "destabilizing activities" in Mexico. There is no substance to the charges. As you know, operations in foreign countries other than those intended solely for obtaining necessary intelligence are reported to the appropriate committees of Congress in a timely fashion pursuant to law. I hope you share my belief that persons on the Governmental payroll, whether in the Congress of the United States or in the Executive Branch, have a particularly high degree of responsibility to be circumspect and responsible about their public statements since statements by them on Governmental matters are generally given greater credibility than idle rumors.

I would greatly appreciate an inquiry into this matter by your Subcommittee, including a request to Mr. William Higgs to produce any evidence he has to substantiate his allegations.

Sincerely,

George Bush

Enclosure

Distribution:

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SPECIAL TRANSLATION

FLASC

REQUIREMENT NO.:

DATE. 19 Nov 76

TITLE: Letter from William Higgs to President Ford



FBIS

FOREIGN BROADCAST INFORMATION SERVICE

HIGGS NOTIFIES FORD: GREAT RESPONSIBILITY OF U.S. POLICY IN THE SITUATION WHICH CONFRONTS MEXICO

UNITED STATES INTERESTS ARE THEMSELVES BEING HARMED, SAYS THE LEADER OF THE COMMITTEE FOR AN OPEN SOCIETY IN A LETTER TO THE PRESIDENT OF HIS COUNTRY AND HE ASKS THAT THE DESTABILIZING ACTIVITIES OF THE CIA BE STOPPED

Mexico City EL DIA in Spanish 8 Nov 76 pp 1,7

[Text] "Dear Mr. President (Gerald Ford): we request that you turn your attention to the current economic crisis which Mexico is experiencing and which is related to the devaluation of the peso." Thus, without any further ado, begins the letter addressed by William Higgs, director of the Committee for an Open Society, to the U.S. head of state.

The U.S. civic leader is an old acquaintance of Mexico, a country which he is accustomed to visit with a certain frequency. Perhaps it is for this reason that he is concerned. He warns that "things have deteriorated to the point that the direct interests of the United States themselves are being harmed because Mexican interests are being so excessively and completely overwhelmed by the present ill-advised and vengeful policies of the United States."

In this document addressed to Ford, Higgs reveals his alarm at the consequences which a worsening of the present economic crisis would have for Mexico.

For the United States, he pointed out, the results are no less negative: an increase in the illegal immigration of laborers, possible default on the payment of billions of dollars of debts deriving from loans made by U.S. banks, and a reduction in the export of U.S. products to Mexico.

After considering that U.S. policy is largely responsible for the current Mexican crisis, Higgs formulates a series of recommendations. The most important are these: to stimulate tourism by means of financial advantages, to increase the current tourist dutyfree allowance of 100 dollars to keep pace with the recent inflation, to restrain the U.S. protectionist policies which hinder

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the import of Mexican agricultural products, and to end U.S. opposition to the Charter of Rights and Responsibilities of the States, proposed by Mexico and approved in the UN.

Higgs concludes his recommendations to Ford by asking that CIA activities aimed at destabilizing Mexico be ended. Higgs suggests that the real transfer of modern, useful technology to our country be actively promoted.

U.S. Policies Largely Responsible for the Devaluation of the Mexican Peso, Higgs Tells Ford

On 28 October the executive director of the Committee for an Open Society, William Higgs, sent a letter to U.S. President Gerald Ford concerning the economic situation in Mexico. We hereby reproduce the text of this letter:

Washington, D.C., 28 October 1976

President Gerald Ford,

The White House,

Washington, D.C.

Dear Mr. President:

We request that you turn your attention to the current economic crisis which Mexico is experiencing and which is related to the progressive devaluation of the peso.

This potentially tragic situation may have very serious consequences both for the United States as well as for Mexico.

Among others, this may have the following consequences for Mexico:
(possible)

1. An increase in political and social unrest.
2. A real decline, of considerable magnitude, in the standard of living (including health, education and subsistence level) of Mexican citizens.
3. Increased pressure to introduce exchange controls, unilateral restructuring of the debt or a moratorium [on debt repayment], or nonrecognition of the debt, or similar measures; and
4. Complete stagnation of Mexican industrialization and of other development projects.

Some of the potential consequences for the United States are:

1. Greatly increased pressure from the illegal immigration into the United States of persons coming from Mexico (due both to the more austere conditions in

Mexico and to the increased value of the dollar in pesos).

2. Default on the payment of billions of dollars on debts deriving from loans made by U.S. banks, especially New York banks. Failure to pay these debts would come close to bankrupting some of the biggest banks in the United States and would indeed make them bankrupt if a Mexican default were to unleash a chain reaction in the Third World.

3. Many fewer exports from the United States to Mexico, which would harm the U.S. balance of trade.

4. Encouragement of the evolution of political conditions in Mexico which would be potentially dangerous to the interests of the United States in every respect; and

5. Greater alienation of Mexico and its people from the United States.

It seems to us that the policies of the United States are largely responsible for this crisis related to the devaluation of the peso. Specifically, the United States should have taken the following measures long ago, among others:

1. Promote tourism to Mexico by means of financial advantages and similar measures.

2. Increase the current tourist duty-free allowance of 100 dollars to keep pace with the recent inflation. This allowance should now be no less than 200 dollars, and preferably no less than 300 dollars.

3. Curb protectionist policies connected with the delay in the entry of Mexican agricultural and industrial products into the United States.

4. Stop U.S. opposition to the implementation of the Charter of Rights and Responsibilities of States proposed by Mexico and approved in the United Nations.

5. Stop U.S. opposition to the creation of effective Latin American economic organizations such as SELA [Latin American Economic System].

6. Promote fair agreements with regard to raw materials and with regard to

products (such as coffee) which are important in terms of Mexican exports.

7. End CIA and related activities aimed at bringing about the destabilization of Mexico, and
8. Actively promote the real transfer to Mexico of modern and useful technology.

We strongly urge you to change the current policy of your administration regarding the points mentioned above--independently of the fact that the Mexican delegation in Washington should effectively plead for these and other similar measures--as soon as possible in view of the urgent nature of the situation.

In our opinion, the time has come when things have deteriorated to the point that the direct interests of the United States themselves are being harmed because Mexican interests are being so excessively and completely overwhelmed and harmed by the present ill-advised and vengeful policies of the United States.

Sincerely,

William Higgs,
Executive Director



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